

ORIGINAL



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MEMORANDUM

TO: Docket Control Center

FROM: Ernest G. Johnson
Director
Utilities Division

EA for EGJ

DATE: December 12, 2008

RE: IN THE MATTER OF THE APPLICATION OF MGEN SERVICES CORP.
TO REQUEST TO CANCEL A CERTIFICATE OF CONVENIENCE AND
NECESSITY (DOCKET NO. T-04119A-07-0574)

Attached is the Staff Report for the above referenced Application to cancel the Certificate of Convenience and Necessity ("CC&N") to provide resold interexchange telecommunications services within the State of Arizona. Staff recommends cancellation of the CC&N held by MGEN Services Corp.

EGJ:JFB:red

Originator: John F. Bostwick

Attachment: Original and Thirteen

Arizona Corporation Commission

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STAFF REPORT
UTILITIES DIVISION
ARIZONA CORPORATION COMMISSION

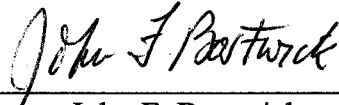
MGEN SERVICES CORP.
DOCKET NO. T-04119A-07-0574

IN THE MATTER OF THE APPLICATION OF MGEN SERVICES CORP. TO REQUEST
TO CANCEL A CERTIFICATE OF CONVENIENCE AND NECESSITY

DECEMBER 12, 2008

STAFF ACKNOWLEDGMENT

The Staff Report for MGEN Services Corp., Docket No. T-04119A-07-0574 was the responsibility of the Staff member listed below. John F. Bostwick was responsible for the review and analysis of MGEN Services Corp.'s Application to cancel its Certificate of Convenience and Necessity.



John F. Bostwick
Administrative Services Officer II

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Introduction

On October 5, 2007, MGEN Services Corp. ("MGEN") submitted an Application to cancel its Certificate of Convenience and Necessity ("CC&N") to provide competitive resold interexchange telecommunications services within the State of Arizona. The Application was deemed insufficient. Staff sent its First Set of Data Requests to MGEN on October 23, 2007. MGEN responded to Staff First Set of Data Requests on April 7, 2008.

Background

On October 24, 2003, in Decision No. 66449, the Commission granted MGEN a CC&N to provide competitive resold interexchange telecommunications services within the State of Arizona. In Decision No. 66449, MGEN was not required to provide a performance bond.

Staff's Analysis

In its Application, MGEN stated that it does not intend to provide telecommunications services in the State of Arizona. In addition, MGEN stated that it currently has no customers and voluntary discontinuance of its certification will have no adverse impact upon consumers in Arizona. On August 25, 2008, Staff received an Affidavit stating that MGEN does not have any customers in Arizona.

The Utilities Division Confidential Annual Reports filed in 2003 and 2004 shows that MGEN provided service and received revenues from customers in Arizona. On November 4, 2008, Staff contacted Ingrid Galyan, Assistant Secretary of MGEN, to verify the number of customers and revenue reported in the 2003 and 2004 annual reports. According to Ms. Galyan:

- a. MGEN is a wholly owned subsidiary of Fidelity National Financial.
- b. MGEN never provided residential local exchange service and did not have access lines.
- c. MGEN only provided resold interstate and intrastate long distance services to their parent company.
- d. Resold long distance service was provided to serve their company for business purposes.
- e. MGEN transferred the provision of long distance services for their parent's individual offices to AT&T.
- f. Their last office in Arizona was disconnected sometime in July 2005.

MGEN reported in its Application that it does not have any customers in Arizona. No notice was sent to customers and no customers were transferred to another carrier. Also, lists of alternative providers was not provided because no customers were notified by MGEN.

MGEN stated in its Application that it has not collected advances and/or deposits from its customers in Arizona. Staff confirmed that prepaid cards and prepayments are not listed in MGEN's tariff on file with the Commission. Consequently, a deposit refund plan pursuant to subsection A.A.C. R14-2-503 (B) is not required in this matter.

Since MGEN does not have customers in Arizona, it did not publish notice of its Application. As a result, a copy of the legal notice of the Application to cancel MGEN's CC&N was not provided as required by Arizona Administrative Code ("A.A.C.") Rule R14-2-1107. Because MGEN provided service to only its parent company with multiple office locations within and outside of Arizona, compliance to A.A.C. R14-2-1107 should not be required.

MGEN has no affiliates as stated in MGEN's Response to Staff Data Requests JFB1-7. MGEN does not have any employees or facilities in Arizona as indicated in its Response to Staff Data Requests JFB1-11 and JFB1-12, respectively. Also, MGEN does not have any service contracts with customers because it never had any customers in Arizona other than its parent company.

Staff confirmed that MGEN's Arizona CC Tariff No. 1 is on file with the Commission. MGEN's tariff should be deleted if the Commission approves the cancellation of MGEN's CC&N.

The Consumer Services Section of the Utilities Division reports that there have been no complaints, inquiries, or opinions against MGEN from January 1, 2005 through November 4, 2008. In addition, Consumer Services states that MGEN is in good standing with the Corporations Division of the Commission. The Compliance and Enforcement Section of the Utilities Division has indicated that MGEN does not have any compliance delinquencies.

Since there are other carriers that offer similar services as MGEN, Staff believes that approval of MGEN's request to discontinue service is in the public interest. MGEN's request to cancel its CC&N to provide resold interexchange telecommunications services should be approved by the Commission.

Recommendations

Since MGEN has no Arizona customers and served only its parent company, Staff recommends that MGEN is not required to comply with A.A.C. R14-2-1107.

Staff further recommends approval of MGEN's Application to cancel its CC&N to provide resold interexchange telecommunications services. In addition, Staff further recommends the cancellation of MGEN's Arizona CC Tariff No. 1 on file with the Commission.

Upon cancellation of its CC&N, MGEN will no longer be authorized to provide resold interexchange telecommunications services in Arizona and therefore, will no longer be subject to the requirements of Decision No. 66449.